

AUSTMINE LIMITED

ABN: 77 008 657 887

**Annual Financial Report For The Year Ended
30 June 2007**

AUSTMINE LIMITED

30 June 2007

ABN: 77 008 657 887

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AUSTMINE LIMITED ABN: 77 008 657 887
DIRECTORS' REPORT

Your directors present their report on the entity for the financial year ended 30 June 2007.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Ashford, Garry J. (retired 9/10/06)
Broome, Alan J. (AM)
Calvert, Robert (appointed 9/10/06)
Farrell, Robert T.
Foletti, Mike (retired 9/10/06)
Gros, Ric
Hunter, Thomas C.
Lewis-Gray, Elizabeth B.
Kukla, Greg (appointed 21/02/07)
McLennan, Timothy
Roberts, Colin (Appointed 9/10/2006)
Tuder, Graeme S.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of entity secretary at the end of the financial year:

Ric Gros - FAICD is currently Managing Director of Korvest Ltd and has over 25 years business development experience. He was appointed company secretary on 18th August 2005.

Principal Activities

The principal activity of the entity during the financial year was:

- to enhance the international business performance of the Australian mining equipment, services and supplies industry.

The following significant changes in the nature of the principal activities occurred during the financial year:

- There has been no significant change in the nature of the company's activities during the year.

Operating Results

The profit of the entity amounted to \$ 58,635.

Dividends Paid or Recommended

No dividends were declared or paid for the previous year and in accord with article 5 of the company's Memorandum of Association which prohibits distributions to members, no dividend will be paid.

Review of Operations

The board of Austmine Limited continued to promote the capability of the industry in the international market place through representation of industry and government support of overseas trade shows.

Financial Position

The net assets of the entity have increased to \$175,285 at 30 June 2007. This increase has largely resulted from the improved operating performance.

The directors believe the group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

No significant changes in the entities state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Future Developments

The board of Austmine will continue to strive to enhance the international performance of the Australian mining equipment services and supplies industry.

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DIRECTORS' REPORT

Environmental Issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

Ashford, Gary J. (Retired 9/10/2006)

Qualifications

Experience

- Director
- Certificate of Metallurgy
- Is currently the MD and CEO of Minova Australia Pty Limited, Ventmine Queensland Pty Limited, Tecrete Industries Pty limited, Ventmine NSW Pty Limited and F.A. Sig Pty Limited. In the fields of mining and metallurgy has over 35 years experience in management, operations and acquisitions. Currently a director of all the foregoing companies and Minova Internation plc. Responsible for business development for Minova in S.E. Asia.

Special Responsibilities

- Nil

Broome, Alan J. (AM)

Qualifications

Experience

- Director
- I.Eng, Certificate of Metallurgy, MIMMA, FIBF, FAICD, AusIMM
- Over 30 years experience in the metallurgical and mining industries at Chief Executive and Director level both within Australia and internationally. Currently Director of Micromine Pty Limited, Quadrem International Limited, B & H Consulting Pty Limited, Inbye Mining Services Pty Limited, CRL Energy NZ Ltd, Intellection Pty Limited, Windlab Systems Pty Limited and Jupiter Mines Limited. He is also a member of a number of Federal Government and mining industry related advisory committees and was awarded the Order of Australia (AM) for services to the mining industry in 2000.

Special Responsibilities

- Chairman

Calvert, Robert (appointed 9/10/2006)

Qualifications

Experience

- Director
- Indentured Fitting & Machinist Trade Certificate, Mechanical Engineering Certificate, Graduate Certificate Professional Business Management.
- For the past 26 years he has been directly involved in senior management positions at a state, national and international level with leading global major mining equipment companies. He is currently Global Marketing Manager, Haulmax (Aust) Pty Ltd and is a board member of Tasmanian Minerals Council and Cradle Coast Authority. He was previously President, Tasmanian Minerals Council (2002/3) and was a board member of Australian Minerals Council (2002/3).

Special Responsibilities

- Nil

Farrell, Robert T.

Qualifications

Experience

- Director
- MIAME
- Over 30 years experience in the exploration, services and mining sectors encompassing management and operational roles. Currently is Manager Business Development with Clough Engineering Pty Limited. He has had extensive exposure to the mining industries in China, Indonesia, Philippines, India, Malaysia, Africa, Chile and the C.I.S.

Special Responsibilities

- Nil

Foletti, Mike (Retired 9/10/2006)

Qualifications

- Director
- Diploma in Electronics and Communications

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DIRECTORS' REPORT

- | | |
|---|--|
| Experience | — Mike has held senior management positions in international high technology companies for the last 20 years. Currently he is the Sales & Marketing Director for Mine Site Technologies. Previous experience includes M.D. and Country Manager across a variety of industries including, IT, telecommunications and multimedia. These companies included NewsCorp International, Telsis UK, Avnet Computing US. He has a strong technical background combined with sales and business management skills and extensive international experience, providing a broad based management capability growing and developing technology based businesses. |
| Special Responsibilities | — Nil |
| Gros, Ric | — Director |
| Qualifications | — FAICD |
| Experience | — Currently Managing Director of Korvest Ltd. Over 25 years of business development experience in manufacturing, distribution and development of industrial and mining products with extensive exposure to South America, Asia Pacific and China and an industrial engineering and strategic planning |
| Special Responsibilities | — Treasurer |
| Hunter, Thomas C. | — Director |
| Qualifications | — BSc, BEcon, Dip Earth Sc(Min Econ), FAusIMM, CP Mgt, MAIME |
| Experience | — More than 35 years mineral industry experience in a range of operating , management, sales and marketing, R&D, project development and technical roles in Australia, PNG, and USA with companies including MIM, Minproc, SXR and Aker Kvaerner. Currently Associate Director, Business Development Metals for Aker Kvaerner Australia. |
| Special Responsibilities | — Nil |
| Lewis-Gray, Elizabeth B. | — Director |
| Qualifications | — B.EC(Adel), ASIA, MBM |
| Experience | — Currently CEO and Managing Director of Gekko Systems. Her background is in Stockbroking, Finance and Strategic Planning. Co-founded Gekko Systems in 1995 and has led the company to become one of the leading gravity concentration specialists today. She is a director of Australian Gold Council, a member of the CSIRO Mineral Sector Advisory Committee and has held positions on several government advisory committees. She was nominated to the Australian Businesswoman's Hall of Fame in 2000. |
| Special Responsibilities | — Nil |
| Kukla, Greg (appointed 21/02/07) | — Director |
| Qualifications | — Mining Engineer - RMIT |
| Experience | — Various roles within BHP including Mine Manager, Saxonvale Coal and Westside Coal mines. Was Project Manager, Bendigo Gold Pty Ltd, successfully obtaining mining lease and environmental approvals for the Fosterville gold mine in Bendigo. Joined Kvaerner Corporate Development, working in Brisbane and London. Was seconded to the Philippines where he was President, Pacific Nickel Philippines Inc. Joined Thiess in June, 2001 as Executive Manager Development and was appointed Project Director for the Dampier Nitrogen Project. In 2005 appointed Bid Director for the Coal India - Raj Mahal 17 MTPA Brownfield mining expansion and is now responsible for establishing business operations in India. He sits on the Mining Review Panel of Austrade. |

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DIRECTORS' REPORT

Special Responsibilities	— Nil
McLennan, Timothy	— Director
Qualifications	— BSc (Hons), MAICD, MGSA
Experience	— Extensive experience in early stage technology commercialisation and strategic research management with a focus on the Australian resources sector. Experience in mineral and coal exploration, mining and minesite rehabilitation and technology development including establishment of two spinoff companies as well as a wide range of technology licencing ventures. Currently Director Business Development CSIRO Division of Exploration and Mining.
Special Responsibilities	— Nil
Roberts, Colin (appointed 9/10/06)	— Director
Qualifications	— LL.M (Resources Law & Policy), P.G. Dip. ICA, B.Eng (Mining Engineering), P.Eng, C.Eng, C.Pet.Eng, C.Sci, FEI, FIMMM, FSAIMM, MCIArb, FAusIMM(CP), AMDIAC, MCIM, MIEAust, MEIZ, SPE, SME.
Experience	— Resources Lawyer, International Commercial and Investment Arbitrator, Accredited International Commercial Mediator, Adjudicator and Expert Determiner, with over 35 years of multi-disciplinary Resource Industry experience. He is a Senior Research Fellow, Lecturer of International Arbitration and is directing the LL.M programme in International Dispute Management at the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP), University of Dundee. Was formerly the Deputy Director and Commercial Director of the CEPMLP, University of Dundee, Director of the MBA Programme in Resource Management and leader of the CEPMLP Africa Programme. He has spent most of his working life in the developing world, both in his capacity of managing major projects, in his Resource Law capacity and in the assessment of Sovereign Risk. He is currently an Associate Director of Element CMC.
Special Responsibilities	— Nil
Tuder, Graeme S.	— Director
Qualifications	— MBA, LS, FRICS
Experience	— Extensive experience in Europe, Africa, Middle East and Asia in the offshore oil industry providing navigation and geophysical services. Developed exploration and mining software MICROMINE and other software products. Over 30 years experience in developing and exporting professional services and geoscience technology. Currently owner/manager of Micromine Pty Limited.
Special Responsibilities	— Nil

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DIRECTORS' REPORT

Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendees by each director were as follows:

	Directors Meetings	
	Number eligible to attend	Number attended
Ashford, Garry J. (Retired 9/10/2006)	2	1
Broome, Alan J. (AM)	8	7
Calvert, Robert (appointed 9/10/2006)	5	3
Farrell, Robert T.	8	7
Folletti, Mike (Retired 9/10/2006)	2	1
Gros, Ric	8	6
Hunter, Thomas C.	8	8
Lewis-Gray, Elizabeth B.	8	7
Kukla, Greg (appointed 21/02/2007)	4	4
McLennan, Timothy	8	7
Roberts, Colin (appointed 9/10/2006)	5	2
Tuder, Graeme S.	8	5

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 6 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

Director

Broome, Alan J. (AM)

Dated this day of September 2007

AUSTMINE LIMITED ABN: 77 008 657 887
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenue from government and other grants	2	-	4,500
Other revenue	2	198,460	173,305
Other expenses		(139,825)	(156,530)
		-	-
Profit before income tax		<u>58,635</u>	<u>21,275</u>
Income tax expense			
Profit after income tax		<u><u>58,635</u></u>	<u><u>21,275</u></u>

AUSTMINE LIMITED ABN: 77 008 657 887
BALANCE SHEET AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	129,679	128,397
Trade and other receivables	5	440	53
Other current assets	6	223,345	3,687
TOTAL CURRENT ASSETS		<u>353,464</u>	<u>132,137</u>
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>353,464</u>	<u>132,137</u>
CURRENT LIABILITIES			
Trade and other payables	7	178,179	15,487
TOTAL CURRENT LIABILITIES		<u>178,179</u>	<u>15,487</u>
NON-CURRENT LIABILITIES			
Trade and other payables	7	-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>178,179</u>	<u>15,487</u>
NET ASSETS		<u>175,285</u>	<u>116,650</u>
EQUITY			
Retained earnings		175,285	116,650
Reserves		-	-
TOTAL EQUITY		<u>175,285</u>	<u>116,650</u>

AUSTMINE LIMITED ABN: 77 008 657 887
STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2007

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2005	95,375		95,375
Profit attributable to the entity	21,275		21,275
Revaluation increment			-
Balance at 30 June 2006	116,650	-	116,650
Profit attributable to the entity	58,635		58,635
Transfer on sale property			-
Balance at 30 June 2007	175,285	-	175,285

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(155,305)	(164,786)
Interest received		5,727	6,032
Members' subscriptions current year		125,092	118,388
Members' subscriptions future year		19,067	6,600
Distribution received conference surplus		-	44,490
Government grants India/Australia Coal Forum		-	3,500
Network meetings		6,701	1,450
Net cash generated from operating activities	9(b)	<u>1,282</u>	<u>15,674</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash used in investing activities		<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash generated from (used in) financing activities		<u>-</u>	<u>-</u>
Net (decrease) increase in cash held		1,282	15,674
Cash at the beginning of the financial year		128,396	112,722
Cash at the end of the financial year	9(a)	<u>129,678</u>	<u>128,396</u>

AUSTMINE LIMITED ABN: 77 008 657 887
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report is for AUSTMINE LIMITED as an individual entity, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

Interest revenue and distribution income from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(e) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(f) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Note 2 Revenue

	2007 \$	2006 \$
Revenue from Government and Other Grants		
— Austrade re India/Australia Coal Forum	-	1,000
— DITR Grant re India/Australia Coal Forum	-	3,500
	-	4,500
Other Revenue		
Interest received from corporations	5,727	6,032
Membership subscriptions	122,333	121,333
Conference surplus	64,308	44,490
Network meeting fees	6,092	1,450
	198,460	173,305
Total Revenue	198,460	177,805

Note 3 Profit

	2007 \$	2006 \$
(a) Expenses		
Doubtful debts expense	4,216	3,733
Auditor Remuneration		
— audit services	4,250	1,750
— other services	-	-
Total Audit Remuneration	4,250	1,750

AUSTMINE LIMITED ABN: 77 008 657 887
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Note 4 Cash and cash equivalents

	2007	2006
	\$	\$
CURRENT		
Cash at bank	17,007	21,398
Short term bank deposits	112,672	106,999
	129,679	128,397

Note 5 Trade and other receivables

	2007	2006
	\$	\$
CURRENT		
Trade receivables	4,840	586
Provision for impairment of receivables	(4,400)	(533)
	440	53
Other receivables	-	-
	440	53

Note 6 Other assets

	2007	2006
	\$	\$
CURRENT		
Accrued Income	64,308	-
GST refundable	-	3,687
Membership subscriptions billed for 2008 year	158,547	-
Sundry other debtors	490	-
	223,345	3,687

Note 7 Trade and other payables

	2007	2006
	\$	\$
CURRENT		
Trade payables	4,675	15,487
GST payable	11,304	-
Members 2008 subscriptions	162,200	-
	178,179	15,487
NON-CURRENT		
	-	-

Note 8 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

(a) There were no transactions between related parties in either the 2007 or 2006 years

Note 9 Cash Flow Information

	2007	2006
	\$	\$
(a) Reconciliation of cash		
Cash at bank	17,007	21,397
Other cash - Short term deposit	112,671	106,999
	129,678	128,396
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	58,635	21,275
Non-cash flows		
Changes in assets and liabilities		
Decrease(Increase) in receivable and other assets	(220,045)	1,525
Increase(Decrease) in trade and other payables	162,692	(7,126)
Cash flows provided by operating activities	1,282	15,674

AUSTMINE LIMITED ABN: 77 008 657 887
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Note 10 Entity Details

The registered office of the entity is:
AUSTMINE LIMITED
140 Arthur Street
North Sydney NSW 2060

The principal place of business is:
AUSTMINE LIMITED
140 Arthue Street
Nort Sydney NSW 2060

Note 11 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the entity. At 30 June 2007 the number of members was 94.

AUSTMINE LIMITED ABN: 77 008 657 887
DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 3 to 13, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Broome, Alan J. (AM)

Dated this day of September 2007

